

Message Text

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ORIGIN AID-05

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DRAFTED BY AID/PPC/DPRE:RBERG:DKS

APPROVED BY IO:RDMOREY

IO/AGR:DMDAUGHERTY

EB/ORF:CBILLO

USDA/ERS:RREIDINGER

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FM SECSTATE WASHDC

TO AMEMBASSY ROME IMMEDIATE

UNCLAS STATE 148604

FODAG

E.O. 11652: N/A

TAGS: UNWFC, OCON, EAGR

SUBJECT: WORLD FOOD COUNCIL: AGENDA ITEM 6(D) -
FERTILIZERS

REF: ROME 8989

1. FOLLOWING TO BE PASSED BOUGHTON AND OTHER MEMBERS U.S.
DELEGATION ASAP.

2. IN VIEW BRIEF TIME AVAILABLE AND URGENCY OF REQUEST,
FOLLOWING U.S. POSITION PHRASED AS TALKING POINTS TO BE
USED BY DELEGATION:

(A) GIVEN THE SPECIFIC ROLE OF THE FAO COMMISSION ON
FERTILIZERS IN THIS FIELD AND THE FACT THAT IT COMPLETED
ITS WORK ONLY A LITTLE OVER TWO WEEKS AGO, WE BELIEVE
THAT THE COUNCIL WOULD BE REMISS IF IT FAILED, IN ITS
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DELIBERATIONS, TO TAKE INTO ACCOUNT THE REPORT OF THE
COMMISSION. WE THEREFORE STRONGLY URGE THAT THE RECOM-
MENDATIONS OF THE COMMISSION BE INTRODUCED BY THE SECRE-
TARIAT AND THAT THESE CONCLUSIONS HAVE A HIGH PLACE IN

THE COUNCIL'S CONSIDERATIONS. FERTILIZER IS FAR TOO IMPORTANT A SUBJECT NOT TO HAVE CURRENT AND EXPERT OPINION BEFORE US AT ALL TIMES. IN OUR VIEW, IT IS NOT

ONLY IMPERATIVE TO HAVE THE LATEST AND MOST ACCURATE INFORMATION AT OUR DISPOSAL, BUT ALSO TO AVOID WASTEFUL DUPLICATION OF EFFORT BY THE COUNCIL WHEN IT HAS SUCH A FULL AGENDA.

(B) NOTWITHSTANDING OUR VIEW THAT THE REPORT OF THE FAO COMMISSION SUPERSEDES THE RECOMMENDATIONS CONTAINED IN WFC/8, U.S. WELCOMES OPPORTUNITY REVIEW IN THIS FORUM CURRENT WORLD FERTILIZER SITUATION AND THE PROPOSALS FOR ACTION CONTAINED IN COUNCIL DOCUMENT WFC/8. WE NOTE THAT WFC/8 WAS DRAFTED IN MID-MAY AND HENCE COULD NOT BENEFIT FROM THE 46-NATION MEETING OF THE FAO COMMISSION ON FERTILIZERS HELD JUNE 3-6 IN ROME WHICH DISCUSSED SUBSTANTIALLY THE SAME ISSUES. THE U.S. PARTICIPATED IN THE COMMISSION ON FERTILIZERS MEETING AND THE POSITION WE ENUNCIATE TODAY IS CONSISTENT WITH THE CONSENSUS PRESENTED IN THE REPORT OF THE COMMISSION, A REPORT WHICH WE HOPE WILL BE MADE AVAILABLE TO ALL DELEGATIONS AS MENTIONED ON PAGE 8 OF THE COUNCIL DOCUMENT.

(C) WE AGREE WITH THE THRUST OF RECOMMENDATION 1 OF WFC/8 THAT BILATERAL AND MULTILATERAL ASSISTANCE SHOULD BE AVAILABLE TO HELP MSA COUNTRIES MEET THEIR FERTILIZER NEEDS IN 1975/76, BUT THE MAGNITUDE OF THE GAP WAS BY NO MEANS CLEARLY DEFINED AT THE COMMISSION ON FERTILIZERS MEETING A FEW WEEKS AGO. AT THAT MEETING A FINANCIAL GAP FOR BILATERAL AND MULTILATERAL ASSISTANCE OF ABOUT \$400 MILLION WAS IDENTIFIED (AS POSSIBLY COMPARED WITH A FINANCIAL GAP OF \$1.11 BILLION IN WFC/8) AND THIS WAS BASED ON STILL RAPIDLY CHANGING MARKET CONDITIONS, INCLUDING FALLING PRICES AND INVENTORY BUILDUPS IN SOME IMPORTANT MSA'S. WHILE THE U.S. AGREES THAT ASSISTANCE IS NEEDED (WITNESS FACT THAT WE PROVIDED ABOUT \$180 MILLION FOR FERTILIZER PROCUREMENT LAST YEAR AND PLAN A SIZEABLE PROGRAM THIS YEAR) WE WOULD HOPE THAT OFFICIAL GAP FIGURES CAN BE AVOIDED UNLESS BASED ON MORE RECENT MARKET INFORMATION AND DONOR PLANS.

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MILLION FOR FERTILIZER PROCUREMENT LAST YEAR AND PLAN A SIZEABLE PROGRAM THIS YEAR) WE WOULD HOPE THAT OFFICIAL GAP FIGURES CAN BE AVOIDED UNLESS BASED ON MORE RECENT MARKET INFORMATION AND DONOR PLANS.

(D) REGARDING RECOMMENDATION 2 IN WFC/8, THE U.S. AGREES WITH THE FAO FERTILIZER COMMISSION THAT IT IS BEST NOT TO SET A TARGET FOR THE INTERNATIONAL FERTILIZER SUPPLY SCHEME IN VIEW OF CHANGING MARKET CONDITIONS, SIZEABLE BILATERAL PLANS AIMED AT MSA COUNTRIES (INCLUDING OUR OWN) AND A DESIRE TO SET TARGETS WHICH CAN REALISTICALLY BE EXPECTED TO BE ACHIEVED. WHILE WE WISH TO REITERATE OUR PLEDGE OF CONTINUED CLOSE COOPERATION

WITH THE SCHEME AND THE ENDORSEMENT BY THE COMMISSION ON FERTILIZERS FOR CONTINUED ACTIVITY BY THE SCHEME FOR ANOTHER YEAR, WE WOULD POINT OUT THAT THE EXPERTS

ATTENDING THE RECENT MEETING OF THE COMMISSION ON FERTILIZERS CHOSE TO AVOID A FORMAL RESOURCE TARGET FOR THE SCHEME, ALTHOUGH MR. SWIFT, THE CHAIRMAN, INDICATED IN DISCUSSION THAT \$62 MILLION WAS A MORE REALISTIC FIGURE FOR ADDITIONAL PLEDGES.

(E) WITH REGARD TO RECOMMENDATIONS 3-7, WE GENERALLY AGREE WITH THEM AS PRESENTED IN WFC/8, ALTHOUGH THE U.S. BELIEVES THAT RECOMMENDATION 5 SHOULD INCLUDE REFERENCE TO THE PROPOSED WORK ON MEDIUM AND LONG-TERM SUPPLY/DEMAND PROJECTIONS OF THE FAO/UNIDO/WORLD BANK WORKING GROUP ON FERTILIZERS. THE COMMISSION ON FERTILIZERS RECOMMENDED THAT THE WORKING GROUP PREPARE SUCH PROJECTIONS ON A REGULAR BASIS AND ALSO DEVELOP IMPROVED METHODOLOGIES FOR MAKING REASONABLE FORECASTS. WE URGE THAT THE COUNCIL GIVE ADEQUATE CONSIDERATION TO THE ROLE OF THE FAO/UNIDO/WORLD BANK WORKING GROUP IN THIS REGARD.

3. WITH REGARD TO DESCRIPTIVE PARAGRAPHS OF WFC/8, DELEGATION MAY REFER AS NECESSARY TO TALKING POINTS AND BACKGROUND MATERIALS IN ANNEX 6(D) OF U.S. BRIEFING PAPERS. KISSINGER

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<< END OF DOCUMENT >>

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